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Mr Richard Viney
Independent Reviewer of the
Banking Industry Code of Conduct

Dear Colleague

Dear Mr Viney

The early March release of your Issues Paper has been well received by the broad community of stakeholders, including the industry itself, regulators and consumers. Well done with this difficult task!

In addition to my general support for the recommendations, I wish to express my specific support for your recommendations for (1) a uniform basic account for the disadvantaged in our community; (2) a protocol for rural bank branch closures; and (3) greater effort towards the achievement of access arrangements for disabled consumers.

As federal Minister responsible for both financial services and consumer affairs, my "Consumer Sovereignty" framework has four general elements that aptly apply to the banking industry.

First, consumers must have ***Choice***. Choice of service provider and choice of the most appropriate products. In this regard, new competing banking entrants and innovative product refinement protect consumers from anti-competitive market structures.

Second, consumers must be provided with sufficient ***Information*** to make informed choices. The requirements of the Uniform Consumer Credit Code (UCCC) and the clear disclosure of all fees, charges and commissions for investment products that will be required under the forthcoming Financial Sector Reform Bill (FSR Bill) are necessary to meet this fundamental element of consumer sovereignty.

Thirdly, access to cheap, timely and efficient dispute ***Redress*** allows consumers to avoid unnecessary legal action. The establishment of the Australian Banking Industry Ombudsman (ABIO) was ground breaking in this area. Its high case usage indicates some need for better individual bank dispute management, but also the effectiveness and efficiency of the ABIO in resolving numerous conflicts. The widening of the criteria for participation is desirable.

Fourthly, the Government has a role to play to ***Protect*** consumers. In most industries, this role involves aspects of individual product safety. In banking, the Government's role encompasses the prudential regulation of Authorised Deposit-taking Institutions (ADIs) for the protection of depositors. This role is undertaken by the Australian Prudential Regulation Authority (APRA) and focuses upon the institution rather than any specific product.



I strongly encourage you to consider this framework in your ongoing work in the banking industry as it provides a basis for the consideration and analyses of most consumer issues.

Thank you for your continued diligence in this task and I repeat my support for the review, in general, and your efforts, in particular.

Yours sincerely

Joe Hockey